

Name \_\_\_\_\_ Date \_\_\_\_\_ Period \_\_\_\_\_

## Chapter 5 – The Free Enterprise System

### Section 5.1 – Market Oriented Economic Systems

**Basic Principles** – The Free Enterprise System is based on:

\_\_\_\_\_ We can own just about anything. The system encourages individuals to own \_\_\_\_\_.

#### **Intellectual Property Rights**

- Are protected in a free enterprise system

- \_\_\_\_\_ – If you patent an invention, \_\_\_\_\_ to that item or idea.

- \_\_\_\_\_ – A \_\_\_\_\_, or color that identifies a good or service and that cannot be used by anyone but the owner.

- \_\_\_\_\_ – Involves anything that is \_\_\_\_\_ by an individual, such as writings, music, and artwork.

\_\_\_\_\_ -- the struggle between companies for customers.

Two kinds:

\_\_\_\_\_ competition focuses on the price.

\_\_\_\_\_ competition -- factors not related to price such as quality, service, location, reputation.

#### **Monopolies**

When there is no \_\_\_\_\_ and one firm controls the whole market.

U.S. Government only allows a \_\_\_\_\_, such as \_\_\_\_\_

\_\_\_\_\_ -- the potential for loss or failure.

–As the \_\_\_\_\_ gets greater, so does the risk.

–One of every \_\_\_\_\_ businesses in the U.S. \_\_\_\_\_ after one year.

–Introducing new \_\_\_\_\_ is also risky.

\_\_\_\_\_ – the money earned from conducting business after all costs and expenses are paid.

–Profit is the \_\_\_\_\_ for taking a risk.

–Profits are \_\_\_\_\_ when sales are \_\_\_\_\_ and costs are \_\_\_\_\_.

## Supply and Demand Theory

In a market-oriented economy, supply and demand \_\_\_\_\_  
\_\_\_\_\_ of goods and services produced.

\_\_\_\_\_ -- The amount of goods \_\_\_\_\_  
\_\_\_\_\_ and sell

\_\_\_\_\_ -- The amount of goods \_\_\_\_\_  
\_\_\_\_\_

- \_\_\_\_\_ – Price and quantity supplied move in the same direction. \_\_\_\_\_

- \_\_\_\_\_ – Price and quantity demanded move in the \_\_\_\_\_. As price increased, the quantity demanded decreases.

- \_\_\_\_\_ – occur when \_\_\_\_\_ demand

- \_\_\_\_\_ – occur when \_\_\_\_\_ supply

- \_\_\_\_\_ – the amount being supplied is equal to the amount being demanded. \_\_\_\_\_.